

 <b>Oakdale Electric Cooperative</b>		<b>Board Policy</b>
<b>Policy Name: Director Duties, Standards of Conduct, and Expectations</b>		<b>Policy No: 1.01</b>
<b>Last Reviewed/Revised: 05-02-2023</b>		<b>Page 1 of 4</b>

## **I. PURPOSE:**

This policy describes the duties and responsibilities of directors to ensure that their activities and decisions are performed in the best interests of Oakdale Electric Cooperative (OEC) and its entire membership.

## **II. SCOPE:**

- A. All directors are required to comply with this policy.
- B. The Board of Directors is responsible for overseeing this policy.
- C. The Board Chairman is responsible for enforcing this policy by reminding directors of their duties and standards of conduct.

## **III. POLICY:**

### **A. General**

1. All directors of OEC shall meet the qualifications of the Cooperative's bylaws.
2. Under the governing statute, the Board oversees the Cooperative's business and affairs, and all Cooperative powers are exercised under the Board's authority. Accordingly, the Cooperative's directors are entrusted with significant authority and discretion, limited by the Articles of Incorporation, Bylaws, and applicable legal and contractual obligations.
3. This policy describes the duties and expectations of directors when exercising authority and discretion on behalf of the Cooperative and providing strategic guidance and monitoring of the Cooperative's operations, for which day-to-day responsibility is delegated to the General Manager/CEO.

### **B. Director Fiduciary Duties**

1. **Care:** Directors shall devote the necessary time and attention to director duties and make decisions on an informed basis. This involves attending Board meetings, reviewing Board materials, and making inquiry into potential risks or issues requiring the Board's attention.



2. **Loyalty:** Directors shall act only in good faith belief as to the best interests of OEC and its membership as a whole and protect the confidentiality of OEC's non-public information.
3. **Compliance:** Directors shall ensure that actions of the Board and of OEC comply with applicable legal requirements, as set forth in federal, state and local statutes, the Articles of Incorporation, the Bylaws, and any other rules or regulations or contracts of Dairyland.

C. **Key Responsibilities and Functions of the Board**

1. **Strategic Mind-Set:** The Board sets the Cooperative's mission, vision, values and purpose(s), and regularly engages in strategic planning and discussions. The Board guides the organization through policies and processes that establish broad organizational values.
2. **Oversight:** The Board provides oversight and support. This involves:
  - a. Being informed on all matters entrusted to the Board;
  - b. Conscientiously studying the information contained in documents and reports submitted to the Board;
  - c. Adopting policies and monitoring for internal and external compliance;
  - d. Establishing the General Manager/CEO's authority to act, budget, administer finances and compensation, implement programs, and otherwise manage OEC;
  - e. Hiring the General Manager/CEO and setting clear performance expectations, regularly monitoring and evaluating the performance, and establishing the compensation of the General Manager/CEO and other terms and conditions of his/her employment;
  - f. Contracting for and approving an annual independent financial audit and selecting and overseeing General Counsel; and
  - g. Assessing and monitoring risks facing OEC and reviewing options for their mitigation.
3. **Representative:** The Board acts as a trustee on behalf of OEC and the entire membership.
4. **Communicate:** The Board reviews, monitors, and reports to the membership on OEC's strategic direction and critical operating and financial performance.
5. **Integrity:** The Board ensures that processes are in place for establishing and maintaining integrity and transparency, including in OEC's financial statements, legal and ethical compliance, and relationships with members and other stakeholders.

D. **Standards of Conduct.** Each director is expected to:



1. Make every reasonable effort to attend all Board meetings and keep absences to a minimum;
  2. Act with integrity and demonstrate mutual respect. Harassment of any kind is not tolerated and can result in removal of the director;
  3. Allow opportunity for each director to be heard on any matter being considered by the Board;
  4. Confine discussion of Board matters to the boardroom so all directors have the benefit of fellow directors' comments and perspectives;
  5. Refrain from revealing to persons other than directors, the General Manager/CEO, or the Cooperative's General Counsel any differences of opinion among directors on matters considered and acted upon by the Board;
  6. Accept decisions of the Board except in extraordinary circumstances where the director can demonstrate that a decision and/or action will bring harm to OEC; and
  7. Recognize that the Board Chairman (or the Vice Chairman, if the matter involves the Board Chairman) has the responsibility and authority to enforce these standards and expectations by reminding directors who fail to comply.
  8. Recognize that, unless a director receives specific authorization from the Board, only the Board Chairman, as authorized by the Board, may communicate on behalf of the Board and OEC.
- E. **Director Expectations, Skills, and Knowledge.** To ensure an effective and efficient Board, it is expected that each director possesses, or will actively work to attain, the following skills and knowledge base:
1. **Industry Knowledge:** Directors should understand and demonstrate a strategic understanding of the cooperative business model, including OEC's financial and power supply matters, utilizing advice and expertise from the General Manager/CEO, management, employees, legal counsel, and OEC's other advisors. Directors are strongly recommended to obtain their "Credentialed Cooperative Director" certification within his/her first three years.
  2. **Leadership:** Directors should:
    - a. Understand OEC's challenges and provide the judgment and leadership needed to reach decisions in constantly changing circumstances;
    - b. Establish a culture that reinforces the Cooperative Principles and facilitates strategic decisions and changes;
    - c. Have an inquisitive and objective perspective, practical wisdom, and of mature judgment; and



- d. By words, actions, temperament, demeanor and character, promote the best interests of OEC and its entire membership.
- 3. **Ethical:** Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of OEC and its membership.
- 4. **Continual Learning:** Directors should:
  - a. Remain committed to continual learning about electric utility and cooperative industry issues, high-level operational considerations, and risk, business, financial and governance principles; and
  - b. Be willing to devote the time necessary to become a meaningful contributor on behalf of all OEC members.
- 5. **Technology:** Each Director is expected to learn and become proficient with the use of an iPad or other technology used to communicate Board information.

<b>Original Effective Date:</b> <b>7-29-2020</b>	<b>Reviewed Date (no revisions):</b> <b>7-29-2020, 05-02-2023</b>	<b>Revised Date(s):</b>
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